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The Green Industrial Revolution and the United States

In the Clean Energy Race, Is the United States a Leader or a Luddite?

By Kate Gordon, Robert Borosage, and Derek Pugh December 2013

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Introduction

A new green industrial revolution—driven by a variety of concerns and opportunities—is gathering steam across the globe. In some regions, it is spurred by land and water scarcity. In others, it is driven by rising concerns about catastrophic climate change. And in even more regions, new energy technology and financial innovations have opened up exciting industrial and economic possibilities. Whatever the cause of this transformation, at its center is a new approach to energy characterized by an increasing commitment to renewable energy, energy conservation and efficiency, and a 21st-century approach of generating and moving fuels and electricity that recognizes—not denies—our climate and natural resource challenges.

This growing commitment is already informing governmental, corporate, and private decisions. It is beginning to affect how regions produce, distribute, and consume energy. Over the next few decades, it will alter everything: where we live, how we travel, and how we think about economic growth and prosperity. The commitment is only at its beginning stages; it will become the source of expanding global markets and of millions of new jobs in a hugely diverse set of industries and occupations, from cutting-edge research to installation of technologies such as rooftop solar panels and utility-scale wind farms.

The countries that lead this transformation will benefit enormously, not just from breathing healthier air and drinking untainted water, but also from economic expansion in the forms of new markets, profits, and jobs. The countries that lead this green revolution will lead the 21st century. Those that ignore it will become this century's Luddites.

The question facing the United States is clear: Which one will we choose to be, leader or Luddite?

Today, the United States is a leader in advanced energy innovation, holding most of the world's patents in this area. We are also at the front of the pack when it comes to installing new renewable energy systems, building highly efficient structures, and pushing for more fuel-efficient and electric cars. But we have many rivals. China and Germany, in particular, have made the clean energy transition central to their overall economic development strategies. Despite some major setbacks and obstacles, these countries continue to have a strong political and policy consensus behind transforming to a more advanced energy economy, while in the United States—notwithstanding the president's recent rousing climate speech in June 2013—the past few years have seen an increasingly partisan divide on energy and climate issues at the national level.

The 2012 election highlighted these divisions. Candidates from states with strong fossil fuel mining and extraction operations increasingly identified with a “drill, baby, drill” agenda, dismissing climate change alarms and championing domestic energy production. The ferocity of the political season's anti-climate change rhetoric ultimately moved New York City Mayor Michael Bloomberg—who witnessed the destruction of parts of his great city after Hurricane Sandy—to issue a strong endorsement for President Barack Obama a few days before the election, stating that “This issue is too important. We need determined leadership at the national level to move the nation and the world forward.”¹

We now face a situation where political pressures are threatening to roll back valuable energy programs, such as state renewable energy standards and federal tax credits for wind and solar power. Instead, at the front and center of our new national energy policy is a domestic oil and gas production agenda that would ultimately speed the rate of climate change. At the same time, the surge in funding for clean energy that came from the American Recovery and Reinvestment Act is winding down, meaning that many of the most exciting efforts to move America toward a new energy paradigm are at risk of dying on the vine.

America is at a crossroads. Will the United States choose to continue its progress toward leadership in renewable energy and energy efficiency in the green industrial transformations that have already begun? Or will it cede leadership to other countries committed to dominating the new markets?

This report—a joint effort of the BlueGreen Alliance, the Institute for America’s Future, and the Center for American Progress—summarizes the stakes involved in this choice. We propose a bold strategy for the United States, one that relies on this country’s great natural and economic strengths, to capture a leading role in this 21st-century green industrial transformation.

Specifically, we propose that the United States take advantage of its true national strengths: the ability to innovate from the state and local levels up, and to combine policies that work for different regions of the country into a coherent whole. Ultimately, we believe that our national energy strategy must be, at its heart, an integrated set of regional energy strategies. This is our competitive edge. Unlike China and Germany, which drive policy from the top down, we are a country of bottom-up innovation and initiative. Collecting these efforts into a national strategy will take action, and we recommend that not only Congress but also the Department of Commerce—which already has regional economic development functions—play a major role in this initiative.

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